

**THE OFFICE OF REGULATORY STAFF
SURREBUTTAL TESTIMONY & EXHIBIT
OF**

WILLIE J. MORGAN, P.E.

AUGUST 8, 2014



DOCKET NO. 2014-69-S

**Application of Palmetto Wastewater Reclamation, LLC
(Alpine Utilities and Woodland Utilities Service Areas)
for Adjustment of Rates and Charges**

SURREBUTTAL TESTIMONY OF WILLIE J. MORGAN, P.E.

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2014-69-S

IN RE: APPLICATION OF PALMETTO WASTEWATER RECLAMATION LLC

(ALPINE UTILITIES AND WOODLAND UTILITIES SERVICE AREAS) FOR

ADJUSTMENT OF RATES AND CHARGES

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Willie J. Morgan, and my business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as the Program Manager for the Water and Wastewater Department.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony provided by witness Rick Melcher for Palmetto Wastewater Reclamation LLC ("PWR" or "the Company") related to the pro-forma revenue impact of incorporating the updated calculation of Single Family Equivalents ("SFEs") presented in his rebuttal testimony.

Q. PLEASE DESCRIBE THE IMPACT ON REVENUES BASED ON THE CHANGES IN THE NUMBER OF SFES AS PRESENTED BY PWR WITNESS MR. RICK MELCHER.

1 A. On page 13, line 4, of his rebuttal testimony, Mr. Melcher states that the “correct
2 number of pro forma adjusted SFEs is 8,688.82.” I have incorporated the SFE
3 information provided in Mr. Melcher’s rebuttal testimony in Revised Exhibit WJM-2 to
4 summarize PWR’s service revenues. In summary, ORS calculated test year service
5 revenues for residential and commercial wastewater operations, as adjusted, of
6 \$3,122,156. For comparison purposes, ORS calculated PWR’s proposed residential and
7 commercial wastewater service revenues, as adjusted, of \$3,701,329. ORS did not factor
8 customer growth into its revenue comparisons.

9 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

10 A. Yes it does.

Palmetto Wastewater Reclamation Test Year Revenues at Current Rates

Service Type	Classification	Equivalent Residential Connection ("ERC" or "SFE") Units (1)	Fee per Unit	Test Year Calculated Revenues
SEWER	PWR-Alpine Test Year Revenues from Jan. 1 through Jan. 7			
	Residential	983.00	\$16.75	\$3,718
	Residential - Mobile Home	1.00	\$13.23	\$3
	Commercial	2,807.64	\$16.75	\$10,619
	Multi-family Units, Apartments, Condominiums, etc.	4,490.00	\$16.75	\$16,982
	TOTAL PWR-Alpine Revenue (1/1/2013-1/7/2013)			\$31,322
	PWR-Alpine Test Year Revenues from Jan. 8 through Dec. 31			
	Residential	983.00	\$29.00	\$335,647
	Residential - Mobile Home	1.00	\$21.76	\$256
	Commercial	2,807.64	\$29.00	\$958,673
	Multi-family Units, Apartments, Condominiums, etc.	4,490.00	\$29.00	\$1,533,118
	TOTAL PWR-Alpine Revenue (1/8/2013-12/31/2013)			\$2,827,694
	TOTAL PWR-ALPINE REVENUE	8,281.64		\$2,859,016
	Residential	417.00	\$24.00	\$120,096
	Residential - Mobile Home	0.00	\$24.00	\$0
	Commercial	46.68	\$24.00	\$13,444
	Multi-family Units, Apartments, Condominiums, etc.	450.00	\$24.00	\$129,600
	TOTAL PWR-WOODLAND REVENUE	913.68		\$263,140
	Total ERC/SFE Count	9,195.32		
	TOTAL SEWER SERVICE REVENUE			\$3,122,156
	Other Sewer Revenues - Notification Fees			\$40,775
	Other Sewer Revenues - Reconnect Fees			\$3,740
	Other Sewer Revenues - Late Fees			\$32,572
	Other Sewer Revenues - Return Check Fees			\$425
	Other Sewer Revenues - Customer Account Charge, MCEC, and Tap Fees (non-CIAC)			\$7,704
	TOTAL Miscellaneous Revenues			\$85,216
	TOTAL OPERATING REVENUE			\$3,207,372

Palmetto Wastewater Reclamation Test Year Revenues at Proposed Rates

Service Type	Classification	Equivalent Residential Connection ("ERC" or "SFE") Units (2)	Fee per Unit	Test Year Proposed Revenues	Increased Amount	% Increase
SEWER	Residential	965.00	\$35.50	\$411,090	\$71,725	21.1%
	Residential - Mobile Home	1.00	\$26.50	\$318	\$59	22.8%
	Commercial	2,201.27	\$35.50	\$937,741	(\$31,551)	-3.3%
	Multi-family Units, Apartments, Condominiums, etc.	4,628.00	\$35.50	\$1,971,528	\$421,428	27.2%
	TOTAL PWR-ALPINE REVENUE	7,795.27		\$3,320,677	\$461,661	16.1%
	Residential	414.00	\$35.50	\$176,364	\$56,268	46.9%
	Residential - Mobile Home	0.00	\$26.50	\$0	\$0	0.0%
	Commercial	29.55	\$35.50	\$12,588	(\$856)	-6.4%
	Multi-family Units, Apartments, Condominiums, etc.	450.00	\$35.50	\$191,700	\$62,100	47.9%
	TOTAL PWR-WOODLAND REVENUE	893.55		\$380,652	\$117,512	44.7%
	Total ERC/SFE Count	8,688.82				
	TOTAL SEWER SERVICE REVENUE			\$3,701,329	\$579,173	18.6%
	Other Sewer Revenues - Notification Fees			\$45,175	\$4,400	10.8%
	Other Sewer Revenues - Reconnect Fees			\$3,740	\$0	0.0%
	Other Sewer Revenues - Late Fees			\$38,614	\$6,042	18.5%
	Other Sewer Revenues - Return Check Fees			\$425	\$0	0.0%
	Other Sewer Revenues - Customer Account Charge, MCEC, and Tap Fees (non-CIAC)			\$7,724	\$20	0.3%
	TOTAL Miscellaneous Revenues			\$95,678	\$10,462	12.3%
	TOTAL OPERATING REVENUE			\$3,797,007	\$589,635	18.4%

NOTES

- The ERC/SFE Count used by ORS to calculate the Test Year Revenues at Current Rates reflects the application of the rate schedule Approved in Order Nos. 2007-473, 2008-759 & 2013-3(A) which approved the drive-thru equivalency rating for fast-food restaurants to be based on 40 gallons per car in the Alpine area.
- The ERC/SFE Count used by ORS to calculate the Test Year Revenues at Proposed Rates reflects the application of the rate schedule requested by PWR which modifies the drive-thru equivalency rating for fast-food restaurants to be based on 10 gallons per car.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2014-69-S

IN RE: Application of Palmetto Wastewater)	
Reclamation, LLC (Alpine Utilities and)	CERTIFICATE OF
Woodland Utilities Service Areas) for)	SERVICE
Adjustment of Rates and Charges)	

This is to certify that I, Faith E. Shehane, have this date served one (1) copy of the **SURREBUTTAL TESTIMONY AND EXHIBIT OF WILLIE J. MORGAN, P.E.** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

D. Reece Williams, III, Esquire
Kathleen M. McDaniel, Esquire
Callison Tighe & Robinson, LLC
P.O. Box 1390
Columbia, SC 29202

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
P.O. Box 8416
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Faith E. Shehane

August 8, 2014
Columbia, South Carolina